

FEDERAL WORKFORCE IMPROVEMENT PROVISIONS
of
HOMELAND SECURITY ACT of 2002

On November 25, 2002, President Bush signed the Homeland Security Act of 2002, establishing the Department of Homeland Security. Title XIII of the Act, Federal Workforce Improvement, contains several Federal-wide provisions intended to improve and reform human capital management.

Several provisions require the Office of Personnel Management to issue implementing regulations or guidance before agencies may use them. Below is a summary of key provisions of that Title. The provisions pertaining to direct hire for certain positions, category ratings, buyouts, and early retirement are *similar* to the provisions in NASA's HR legislation.

SUBJECT	PROVISIONS
Chief Human Capital Officers	<ul style="list-style-type: none"> ▪ Requires agency heads to appoint/designate a Chief Human Capital Officer (CHCO) who is responsible for carrying out agency HR responsibilities, aligning HR policies and programs with mission and goals of agency, etc. ▪ Establishes a CHCO Council, comprising agency CHCO's, OPM Director, and OMB Deputy Director, which will advise and coordinate on common issues such as modernizing HR systems and HR legislation
OPM Assessment of Strategic Human Capital Management	<ul style="list-style-type: none"> ▪ Requires OPM to design system and metrics for assessing management of human capital by agencies
Agency Human Capital Strategic Planning	<ul style="list-style-type: none"> ▪ Requires agencies to include human capital strategic planning in its performance plans and program performance reports
Direct Hire Appointment for Specified Positions	<ul style="list-style-type: none"> ▪ Provides authority to appoint candidates directly to positions for which OPM has determined that there exists a severe shortage of candidates or there is a critical hiring need ▪ Public notice must be given ▪ OPM must issue regulations specifying criteria for identifying such positions ▪ OPM may delegate authority to make such determinations to agencies

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Category Rating System	<ul style="list-style-type: none"> ▪ Permits use of a category rating system in examining (including delegated examining) ▪ Preference eligibles are listed first within each category. For other than scientific and professional positions at GS-9 and above level, CP/CPS eligibles are placed in highest category. Veterans' preference is observed in making selections. ▪ Agencies using a category rating system must submit an annual report to Congress on the system during its first 3 years of use; report must address numbers hired, impact on veterans and minorities; and the way in which managers were trained on the system. ▪ OPM may issue implementing regulations
Extension, Revision, and Expansion of Buyout Authority	<ul style="list-style-type: none"> ▪ Provides permanent buyout authority to agencies, with amount limited to \$25,000 ▪ Buyouts may be used for reshaping, with no FTE reduction ▪ Use of buyout authority is contingent upon OPM's approval (after OMB consultation) of agency's reshaping or restructuring plan ▪ OPM may issue implementing regulations ▪ This provision takes effect 60 days after the date of enactment of the Act (11/25/20002) ▪ NOTE: There is no requirement for agency contributions of 15% of base pay into the retirement fund
Revision and Expansion of Voluntary Early Retirement	<ul style="list-style-type: none"> ▪ Expands authority for use of early retirement to include workforce restructuring and reshaping, not just downsizing ▪ Agencies may target scope of authority based on factors including series, skills, location, organizational units ▪ OPM may issue implementing regulation
Student Volunteer Transit Subsidy	<ul style="list-style-type: none"> ▪ Authorizes transit subsidies for student volunteers
Repeal of SES Recertification	<ul style="list-style-type: none"> ▪ Repeals the recertification requirement for senior executives, as provided in title 5, USC, section 3393a

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Adjustment of limitation on total annual compensation	<ul style="list-style-type: none"> ▪ Raises the cap on total annual compensation for senior level employees at an amount equal to the VP's basic rate of pay (rather than level I of Executive Schedule) ▪ This amendment does not raise the rate of basic pay for senior executives; it raises the total annual compensation cap to enable such employees to receive performance awards and other payments promptly rather than have the payments deferred to the next year ▪ Provision applies to employees in agencies that have been certified as having a performance appraisal system that makes meaningful distinctions based on relative performance ▪ OPM and OMB will issue regulations governing criteria and procedures for certification ▪ An agency's certification shall be for a period of 2 years
Academic Training	<ul style="list-style-type: none"> ▪ Authorizes agencies to select employees for academic degree training and pay the costs of such training if it... <ul style="list-style-type: none"> ○ contributes significantly to meeting an agency training need, resolves staffing problems, or accomplishes goals in the agency's strategic plan; ○ is part of an agency employee development program linked to agency goals ○ is accredited and provided by an accredited college/university
Modifications to National Security Education Program	<ul style="list-style-type: none"> ▪ Modifies NSEP to expand categories of positions to which NSEP graduates could be appointed to fulfill obligations to repay scholarship